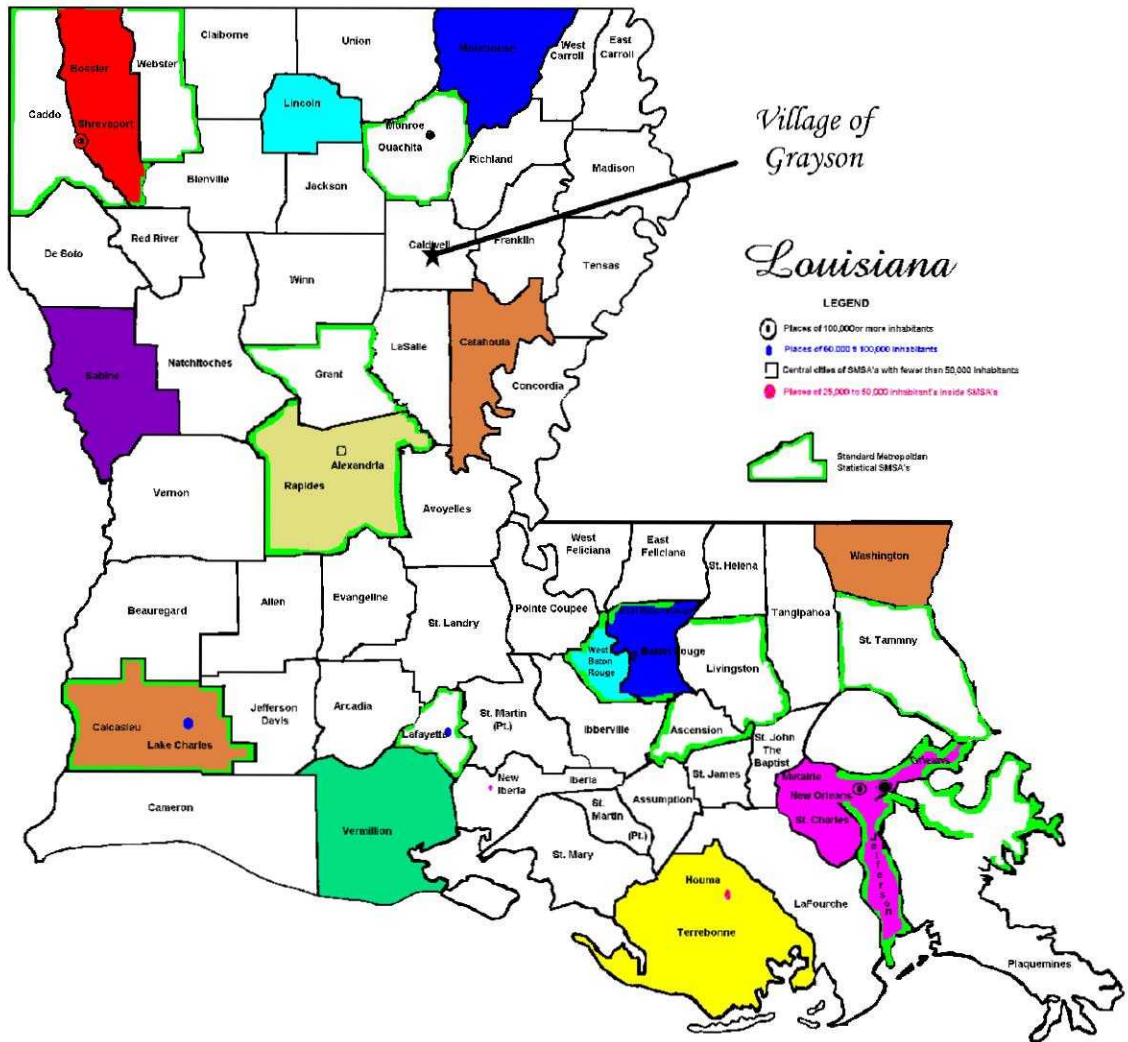


VILLAGE OF GRAYSON, LOUISIANA

Annual Financial Statements

December 31, 2021

VILLAGE OF GRAYSON GRAYSON, LOUISIANA



✓ The Village of Grayson was incorporated under the Lawrason Act and the Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), utilities (water and sewer services) and general administrative functions, including coordination of related services with Parish, State and Federal governing bodies.

VILLAGE OF GRAYSON, LOUISIANA
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INDEPENDENT AUDITOR'S REPORT

The Honorable Melissa Bratton, Mayor
& Members of the Village Council
Grayson, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Village of Grayson as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise Village of Grayson basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Village of Grayson, as of December 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Grayson, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Grayson's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Grayson's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Grayson's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As disclosed in the schedules and statements, the total net pension liability for the Village of Grayson's Retirement Plan was \$19,720 as of December 31, 2021. The actuarial valuation was based on various assumptions made by the actuaries. Because actual experience may differ from the assumptions used in the actuarial valuations, there is a risk that the net pension liability at December 31, 2021, could be under or overstated.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules of the Village's proportionate share of the net pension liability and, the schedules of the Village's contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Grayson’s basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer and Justice System Funding Schedule are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer and Justice System Funding Schedule are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer and Justice System Funding Schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2022, on our consideration of the Village of Grayson, State of Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Grayson, Louisiana’s internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana

August 3, 2022

VILLAGE OF GRAYSON

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village, we offer readers of the Village of Grayson's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$785,365 (*net position*). This is a \$100,056 increase from last year.
- The Village had total revenue of \$393,219 in which \$84,634 came from fines, \$52,583 came from fees & charges, and \$116,008 came from taxes/licenses. This is a \$165,611 increase from last year's revenues, mainly due to an increase in operating grants in the amount of \$94,867.
- The Village had total expenditures of \$319,018, which is a \$62,968 decrease from last year. The main cause for this decrease is due to decrease in police expense in the amount of \$28,539 and a decrease in general administration in the amount of \$24,546.

Enterprise Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$676,048 (*net position*). This is a \$40,193 decrease from last year.
- The Village had total revenue of \$358,567, including operating revenues of \$333,566, non-operating revenues of \$31, and capital contributions in the amount of \$24,970. This is a \$40,811 increase from last year, mainly due to an increase in operating revenues in the amount of \$40,947.
- The Village had total expenses of \$344,479, in which \$336,049 was operating expenses and \$8,430 was non-operating expenses. This is a \$14,629 increase from last year mainly due to an increase in operating expense in the amount of \$18,556.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Village is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the Village adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Village's annual report consists of financial statements that show information about the Village's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the Village's Most Significant Funds

The Village's financial statements provide detailed information about the most significant funds. The Village may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Village's enterprise fund uses the following accounting approach:

All of the Village's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

GOVERNMENTAL FUNDS

Comparative Statement of Net Position

Assets	2020	2021	% Change
Cash & Investments	\$ 306,415	\$ 398,161	30.0
Receivables	14,570	21,495	47.6
Capital Assets, Net of Accumulated Depreciation	549,255	488,008	-11.2
Total Assets	870,240	907,664	4.7
Deferred Outflows of Resources	296	-0-	-100.0
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	69,371	39,560	-43.0
Accrued Interest Payable	177	163	-7.9
Current Bond & Notes Payable	20,332	18,193	-10.6
Total Current Liabilities	89,880	57,916	-35.6
Non-Current Liabilities			
Bonds & Notes Payable	29,742	20,968	-29.5
Net Pension Liability	60,858	19,720	-67.6
Total Non-Current Liabilities	90,600	40,688	-55.1
Total Liabilities	180,480	98,604	-45.4
Deferred Inflows of Resources	4,747	23,695	399.2
Net Position			
Net Investment in Capital Assets	499,191	448,847	-10.1
Unrestricted	186,118	336,518	80.8
Total Net Position	\$ 685,309	\$ 785,365	14.6

Comparative Changes in Fund Balances

Revenues	2020	2021	% Change
Fees & Charges	\$ 50,548	\$ 52,583	4.1
Taxes/Licenses	61,804	116,008	87.7
Fines	82,006	84,634	3.2
Interest Income	3,747	2,065	-44.9
Operating Grants	-0-	94,867	100.0
Capital Grants	13,893	30,292	118.1
Other General Revenue	15,610	12,770	-18.2
Total Revenues	227,608	393,219	72.8
Expenditures			
General & Administrative	169,913	145,367	-14.5
Public Safety:			
Police	142,903	114,364	-20.0
Fire	48,268	43,365	-10.2
Debt Service	17,002	12,572	-26.1
Capital Outlay	3,900	3,350	-14.1
Total Expenditures	381,986	319,018	-16.5
Excess (Deficiency) of Revenues Over (Under) Expenditures	(154,378)	74,201	148.1
Other Financing Sources (Uses):			
Transfers In/(Out)	100,793	54,281	-46.2
Total Other Financing Sources (Uses)	100,793	54,281	-46.2
Net Change in Fund Balance	(53,585)	128,482	339.8
Fund Balances – Beginning	305,199	251,614	-17.6
Fund Balances – Ending	\$ 251,614	\$ 380,096	51.1

MD&A

ENTERPRISE FUNDS

Comparative Statement of Net Position

	<u>2020</u>	<u>2021</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 49,029	\$ 38,614	-21.3
Receivables	28,852	22,428	-22.3
Restricted Assets	8,019	19,881	148.0
Capital Assets, Net of Accumulated Depreciation	899,585	848,311	-5.7
Total Assets	<u>985,485</u>	<u>929,234</u>	-5.7
Liabilities and Net Position			
Accounts, Salaries, & Other Payables	11,742	10,177	-13.4
Accrued Interest Payable	1,642	1,519	-7.5
Current Bonds Payable	16,551	17,240	4.2
Total Current Liabilities	<u>29,935</u>	<u>28,936</u>	-3.4
Non-Current Liabilities			
Customer Deposits	40,635	42,866	5.5
Bonds Payable	198,674	181,384	-8.7
Total Non-Current Liabilities	<u>239,309</u>	<u>224,250</u>	-6.3
Total Liabilities	<u>269,244</u>	<u>253,186</u>	-6.0
Net Position			
Net Investment in Capital Assets	684,360	649,687	-5.1
Restricted	-0-	-0-	0.0
Unrestricted	31,881	26,361	-17.4
Total Net Position	<u>\$ 716,241</u>	<u>\$ 676,048</u>	-5.7

Comparative Changes in Net Position

	<u>2020</u>	<u>2021</u>	<u>% Change</u>
Operating Revenues			
Sales of Services	\$ 291,928	\$ 303,688	4.1
Other Operating Revenues	691	29,878	4223.9
Total Operating Revenues	<u>292,619</u>	<u>333,566</u>	14.0
Operating Expenses			
Management Fees	56,202	53,920	-4.1
Operating Expenses	147,242	165,798	12.6
Depreciation	117,803	116,331	-1.3
Total Operating Expenses	<u>321,247</u>	<u>336,049</u>	4.6
Operating Income (Loss)	<u>(28,628)</u>	<u>(2,483)</u>	91.4
Non-Operating Revenues (Expenses)			
Interest Earnings	137	31	-77.4
Interest Expense	(8,603)	(8,430)	2.1
Total Non-Operating Revenues (Expenses)	<u>(8,466)</u>	<u>(8,399)</u>	0.8
Income (Loss) Before Contributions & Transfers	<u>(37,094)</u>	<u>(10,882)</u>	70.7
Transfers In/(Out)	(100,793)	(54,281)	46.2
Capital Contributions	<u>25,000</u>	<u>24,970</u>	-0.2
Change in Net Position	(112,887)	(40,193)	64.6
Total Net Position - Beginning	829,128	716,241	-13.7
Total Net Position - Ending	<u>\$ 716,241</u>	<u>\$ 676,048</u>	-5.7

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Fund

At December 31, 2021, the Village had \$488,008 invested in capital assets, including land, buildings, improvement, and equipment. This amount is a \$61,247 decrease from last year.

Capital Assets at Year-End

	2020	2021
General *	\$ 753,888	\$ 757,238
Police	73,740	73,740
Fire	831,843	831,843
Accumulated Depreciation	(1,110,216)	(1,174,813)
Total Capital Assets, Net	\$ 549,255	\$ 488,008

* Land in the amount of \$13,600 is not being depreciated.

Capital Assets – Enterprise Fund

At December 31, 2021, the Village had \$848,311 invested in capital assets, including the buildings, sewer system, machinery, and equipment. This amount is a \$51,274 decrease from last year.

Capital Assets at Year-End

	2020	2021
Sewer System	\$ 1,880,350	\$ 1,880,350
Water System	1,255,637	1,320,694
Accumulated Depreciation	(2,236,402)	(2,352,733)
Total Capital Assets, Net	\$ 899,585	\$ 848,311

* Land in the amount of \$10,000 is not being depreciated.

CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Village of Grayson for the year ended December 31, 2021.

	Balance 12-31-2020	Additions	Reductions	Balance 12-31-2021
Revenue Bonds (Business-Type Activities)	\$ 215,225	\$ -0-	\$ (16,601)	\$ 198,624
Revenue Bonds (Governmental Activities)	23,215	-0-	(1,790)	21,425
Capital Lease (Governmental Activities)	26,859	-0-	(9,123)	17,736
Total	\$ 265,299	\$ -0-	\$ (27,514)	\$ 237,785

MD&A

Bonds and installment notes payable at December 31, 2021, are comprised of the following individual issues:

Revenue Bonds and Notes Payable (Enterprise Fund)

Government Capital Corp \$264,444 Sewer Certificate of Indebtness of which \$206,776 was used to pay-off USDA Sewer Bonds, \$25,000 was borrowed for sewer system improvements, and \$25,000 for General Fund Street Improvements. Loans dated October 22, 2019 – 2031 due in annual installments of \$25,153.43 (sewer portion); interest at 3.85%. \$ 198,624

Notes and Lease Payable (Governmental Activities)

Government Capital Corp (General Portion) \$264,443.71 of which \$25,000 was borrowed for General Fund Street Improvements. Loans dated 10/22/2019 due in annual installments of \$2,712.77; due in 10/22/2020-2031; interest rate at 3.85%. 21,425

\$73,740 Capital lease with Bank Corp South Equipment Finance dated 06/14/2017 for two Chevrolet Tahoe police vehicles with an interest rate of 5.5%. Starting 06/19/2017 through 06/19/2022 with monthly installments of \$1,408.51. ----- 17,736

Total \$ 237,785

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show that the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Interim -Mayor Kimberly Bandy at the Village Hall, phone number (318) 649-7148.

BASIC FINANCIAL STATEMENTS

VILLAGE OF GRAYSON, LOUISIANA
Statement of Net Position
December 31, 2021

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 203,374	\$ 38,614	\$ 241,988
Investments	194,787	-0-	194,787
Receivables, Net of Allowances	21,495	22,428	43,923
TOTAL CURRENT ASSETS	419,656	61,042	480,698
NON-CURRENT ASSETS			
Restricted Assets	-0-	19,881	19,881
Capital Assets, Net of Accumulated Depreciation	488,008	848,311	1,336,319
TOTAL NON-CURRENT ASSETS	488,008	868,192	1,356,200
TOTAL ASSETS	907,664	929,234	1,836,898
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows – Municipal Employees’ Pension	-0-	-0-	-0-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-0-	-0-	-0-
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	39,560	10,177	49,737
Accrued Interest Payable	163	1,519	1,682
Current Bonds & Notes Payable	18,193	17,240	35,433
TOTAL CURRENT LIABILITIES	57,916	28,936	86,852
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	42,866	42,866
Bonds & Notes Payable	20,968	181,384	202,352
Net Pension Liabilities	19,720	-0-	19,720
TOTAL NON-CURRENT LIABILITIES	40,688	224,250	264,938
TOTAL LIABILITIES	98,604	253,186	351,790
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows – Municipal Employees’ Pension	23,695	-0-	23,695
TOTAL DEFERRED INFLOWS OF RESOURCES	23,695	-0-	23,695
NET POSITION			
Net Investment in Capital Assets	448,847	649,687	1,098,534
Restricted	-0-	-0-	-0-
Unrestricted	336,518	26,361	362,879
TOTAL NET POSITION	\$ 785,365	\$ 676,048	\$ 1,461,413

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2021

	PROGRAM REVENUES				NET (EXPENSE) REVENUE & CHANGES			
	Expenses	Charges For Services	Capital Grants & Contributions	Operating Grants & Contributions	Net (Expense) Revenue	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES								
General Government	\$ (185,813)	\$ -0-	\$ 30,292	\$ 94,867	\$ (60,654)	\$ (60,654)	-0-	\$ (60,654)
Police	(114,364)	-0-	-0-	-0-	(114,364)	(114,364)	-0-	(114,364)
Fire	(65,428)	52,583	-0-	-0-	(12,845)	(12,845)	-0-	(12,845)
Interest on Long-Term Debt	(1,900)	-0-	-0-	-0-	(1,900)	(1,900)	-0-	(1,900)
TOTAL GOVERNMENTAL ACTIVITIES	<u>(367,505)</u>	<u>52,583</u>	<u>30,292</u>	<u>94,867</u>	<u>(189,763)</u>	<u>(189,763)</u>	<u>-0-</u>	<u>(189,763)</u>
BUSINESS-TYPE ACTIVITIES								
Sewer	(144,966)	130,815	-0-	-0-	(14,151)		\$ (14,151)	(14,151)
Water	(191,083)	172,873	24,970	-0-	6,760		6,760	6,760
Interest on Long-Term Debt	(8,430)	-0-	-0-	-0-	(8,430)		(8,430)	(8,430)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>(344,479)</u>	<u>303,688</u>	<u>24,970</u>	<u>-0-</u>	<u>(15,821)</u>		<u>(15,821)</u>	<u>(15,821)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (711,984)</u>	<u>\$ 356,271</u>	<u>\$ 55,262</u>	<u>\$ 94,867</u>	<u>\$ (205,584)</u>			<u>(205,584)</u>
GENERAL REVENUES:								
Taxes:								
						12,897	-0-	12,897
						11,805	-0-	11,805
						9,024	-0-	9,024
						51,516	-0-	51,516
						84,634	-0-	84,634
						30,766	-0-	30,766
						2,065	31	2,096
						12,770	29,878	42,648
						54,281	(54,281)	-0-
						<u>269,758</u>	<u>(24,372)</u>	<u>245,386</u>
						79,995	(40,193)	39,802
						20,061	-0-	20,061
						685,309	716,241	1,401,550
						<u>\$ 785,365</u>	<u>\$ 676,048</u>	<u>\$ 1,461,413</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Balance Sheet, Governmental Funds
December 31, 2021

	GENERAL FUND
	<u> </u>
ASSETS	
Cash & Cash Equivalents	\$ 203,374
Investments	194,787
Receivables (Net of Allowances for Uncollectible)	<u>21,495</u>
TOTAL ASSETS	<u><u>419,656</u></u>
 LIABILITIES & FUND BALANCE	
LIABILITIES	
Accounts, Salaries, & Other Payables	<u>39,560</u>
TOTAL LIABILITIES	<u>39,560</u>
 FUND BALANCE	
Unassigned	<u>380,096</u>
TOTAL FUND BALANCE	<u>380,096</u>
 TOTAL LIABILITIES & FUND BALANCE	 \$ <u><u>419,656</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
December 31, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balance, Total Governmental Funds (Statement C)		\$ 380,096
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	Capital Assets Accum. Depr.	1,662,821 <u>(1,174,813)</u> 488,008
Deferred outflows and inflows are not financial resources or currently payable.	Outflows Inflows	-0- <u>(23,695)</u> (23,695)
Long-term liabilities including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported in the governmental funds.	Bonds/Notes Pay. Accrued Interest	(39,161) <u>(163)</u> (39,324)
Long-term net pension liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		<u>(19,720)</u> (19,720)
Net Position of Governmental Activities (Statement A)		<u>\$ 785,365</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	GENERAL FUND
REVENUES	
Fees & Charges	\$ 52,583
Taxes:	
Sale Tax	51,516
Franchise Tax	12,897
Ad Valorem Tax	11,805
2% Fire Tax	9,024
Licenses & Permits	30,766
Fines	84,634
Interest Income	2,065
Operating Grants	94,867
Capital Grants	30,292
Other General Revenue	12,770
TOTAL REVENUES	393,219
 EXPENDITURES	
General & Administrative	145,367
Public Safety:	
Police	114,364
Fire	43,365
Debt Service	12,572
Capital Outlay	3,350
TOTAL EXPENDITURES	319,018
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 74,201
 OTHER FINANCING SOURCES (USES):	
Transfers In/(Out)	54,281
TOTAL OTHER FINANCING SOURCES (USES)	54,281
 NET CHANGE IN FUND BALANCE	 128,482
 FUND BALANCES--BEGINNING	 251,614
FUND BALANCES--ENDING	\$ 380,096

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E		\$	128,482
Governmental funds report capital outlays as expenditure. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	Capital Purchases	3,350	
	Depreciation Exp	<u>(64,597)</u>	(61,247)
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	Loan Proceeds	-0-	
	Principal Paid	<u>10,913</u>	10,913
Net pension is reported in governmental funds as expenditure as they are paid; however, in the statement of activities the net pension expense is reported according to estimates required by GASB 68. This the amount that the pension estimate defers from pension expenses paid in the current year.	Net Pension Expense	(2,054)	
	Pension Revenue	<u>3,901</u>	<u>1,847</u>
Changes in Net Position of Governmental Activities, Statement B			\$ <u><u>79,995</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Statement of Net Position, Proprietary Fund
December 31, 2021

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 8,903	\$ 29,711	\$ 38,614
Receivables (Net of Allowances for Uncollectible)	13,622	8,806	22,428
TOTAL CURRENT ASSETS	<u>22,525</u>	<u>38,517</u>	<u>61,042</u>
NON-CURRENT ASSETS			
Restricted Assets	-0-	19,881	19,881
Capital Assets (Net of Accumulated Depreciation)	344,305	504,006	848,311
TOTAL NON-CURRENT ASSETS	<u>344,305</u>	<u>523,887</u>	<u>868,192</u>
TOTAL ASSETS	<u>366,830</u>	<u>562,404</u>	<u>929,234</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	1,657	8,520	10,177
Accrued Interest Payable	1,519	-0-	1,519
Revenue Bonds Payable	17,240	-0-	17,240
TOTAL CURRENT LIABILITIES	<u>20,416</u>	<u>8,520</u>	<u>28,936</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	42,866	42,866
Revenue Bonds	181,384	-0-	181,384
TOTAL NON-CURRENT LIABILITIES	<u>181,384</u>	<u>42,866</u>	<u>224,250</u>
TOTAL LIABILITIES	<u>201,800</u>	<u>51,386</u>	<u>253,186</u>
NET POSITION			
Net Investment in Capital Assets	145,681	504,006	649,687
Restricted	-0-	-0-	-0-
Unrestricted	19,349	7,012	26,361
TOTAL NET POSITION	<u>\$ 165,030</u>	<u>\$ 511,018</u>	<u>\$ 676,048</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
December 31, 2021

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
OPERATING REVENUES			
Sales of Services	\$ 130,815	\$ 172,873	\$ 303,688
Other Operating Revenues	-0-	29,878	29,878
TOTAL OPERATING REVENUES	<u>130,815</u>	<u>202,751</u>	<u>333,566</u>
OPERATING EXPENSES			
Management Fees	26,823	27,097	53,920
Operating Expenses	48,399	117,399	165,798
Depreciation	69,744	46,587	116,331
TOTAL OPERATING EXPENSES	<u>144,966</u>	<u>191,083</u>	<u>336,049</u>
OPERATING INCOME (LOSS)	<u>(14,151)</u>	<u>11,668</u>	<u>(2,483)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	17	14	31
Interest Expense	(8,430)	-0-	(8,430)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(8,413)</u>	<u>14</u>	<u>(8,399)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	<u>(22,564)</u>	<u>11,682</u>	<u>(10,882)</u>
CONTRIBUTIONS & TRANSFERS			
Transfers In/(Out)	(24,939)	(29,342)	(54,281)
Capital Contributions	-0-	24,970	24,970
TOTAL CONTRIBUTIONS & TRANSFERS	<u>(24,939)</u>	<u>(4,372)</u>	<u>(29,311)</u>
CHANGE IN NET POSITION	<u>(47,503)</u>	<u>7,310</u>	<u>(40,193)</u>
TOTAL NET POSITION – BEGINNING	<u>212,533</u>	<u>503,708</u>	<u>716,241</u>
TOTAL NET POSITION – ENDING	<u>\$ 165,030</u>	<u>\$ 511,018</u>	<u>\$ 676,048</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Statement of Cash Flows
Proprietary Fund
December 31, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND (MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers & Users	\$ 124,989	\$ 215,001	\$ 339,990
Payments to Suppliers	(76,552)	(142,623)	(219,175)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>48,437</u>	<u>72,378</u>	<u>120,815</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) Other Funds	(24,939)	(29,342)	(54,281)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(24,939)</u>	<u>(29,342)</u>	<u>(54,281)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Receipts from Capital Grants	-0-	24,970	24,970
Interest Paid on Capital Debt	(8,553)	-0-	(8,553)
Principal Paid on Revenue Bonds	(16,601)	-0-	(16,601)
Proceeds from Bonds	-0-	-0-	-0-
Acquisition & Construction of Capital Assets	-0-	(65,057)	(65,057)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(25,154)</u>	<u>(40,087)</u>	<u>(65,241)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Investments	8,739	-0-	8,739
Interest & Dividends Received	17	14	31
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>8,756</u>	<u>14</u>	<u>8,770</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	7,100	2,963	10,063
CASH - BEGINNING OF YEAR	<u>1,803</u>	<u>46,629</u>	<u>48,432</u>
CASH - END OF YEAR	<u>8,903</u>	<u>49,592</u>	<u>58,495</u>
Reconciliation to Balance Sheet			
Cash and Cash Equivalents	8,903	29,711	38,614
Restricted Cash	-0-	19,881	19,881
Total Cash and Cash Equivalents	<u>\$ 8,903</u>	<u>\$ 49,592</u>	<u>\$ 58,495</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF GRAYSON, LOUISIANA
Reconciliation
Proprietary Fund
December 31, 2021

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
OPERATING INCOME/(LOSS)	\$ (14,151)	\$ 11,668	\$ (2,483)
Depreciation Expense			
(Increase) Decrease in Accounts Receivable	69,744	46,587	116,331
(Increase) Decrease in Deferred Outflows	(5,826)	12,250	6,424
Increase (Decrease) in Accounts Payables	(1,207)	(358)	(1,565)
Increase (Decrease) in Customer Deposits	-0-	2,231	2,231
Increase (Decrease) in Accrued Interest	(123)	-0-	(123)
Increase (Decrease) in Deferred Inflows	-0-	-0-	-0-
Increase (Decrease) in Pension Liability	-0-	-0-	-0-
TOTAL ADJUSTMENTS	<u>62,588</u>	<u>60,710</u>	<u>123,298</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 48,437</u>	<u>\$ 72,378</u>	<u>\$ 120,815</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Grayson was incorporated under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), utilities (water and sewer services), and general administrative functions, including coordination of related services with parish, state, and federal governing bodies.

The accounting and reporting policies of the Village of Grayson conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The municipality reports the following major proprietary funds:

- Water and Sewer Activities

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The District has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

D. CASH & INVESTMENTS

Deposits

All cash and investments (CD's over 90 days) are reported at cost and are on deposit at federally insured banks.

It is the Village's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village's deposits are categorized to give an indication of the level of risk assumed by the Village at fiscal year-end. All deposits were secured at the year-end. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the Village or by its agent in the Village's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name.
- *Category 3* – Uncollateralized.

	Caldwell Bank	Citizen's Bank	Homeland Bank	Delta Bank	Total
Bank Balances	\$ 101,903	\$ 145,786	\$ 194,787	\$ 17,442	\$ 459,918
<i>Secured As Follows</i>					
FDIC (<i>Category 1</i>)	101,903	145,786	194,787	17,442	459,918
Securities (<i>Category 2</i>)	-0-	-0-	-0-	-0-	-0-
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-	-0-	-0-
Total	\$ 101,903	\$ 145,786	\$ 194,787	\$ 17,442	\$ 459,918

Deposits were fully secured as of December 31, 2021.

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village of Grayson. For the purpose of the proprietary fund Statement of Cash Flows, "Cash and Cash Equivalents" include all demand savings accounts and certificates of deposit under 90 days.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity’s name.

E. STATEMENT OF CASH FLOWS

The Village considers all highly liquid investment with a maturity of three months or less at the date of acquisition to be cash equivalents.

F. ACCOUNTS RECEIVABLE & BAD DEBTS – GENERAL FUND & ALLOWANCE FOR BAD DEBTS – ENTERPRISE FUND

At December 31, 2021 the receivables were as follows:

	Enterprise Fund		Governmental Fund
	Sewer	Water	General Fund
Tax & License	\$ -0-	\$ -0-	\$ 17,745
Customer	23,432	87,927	7,927
Grants	-0-	-0-	-0-
Allowance for Bad Debts	(9,810)	(79,121)	(4,177)
Total	\$ 13,622	\$ 8,806	\$ 21,495

G. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

H. FIXED ASSETS & LONG-TERM LIABILITIES

For the year ended December 31, 2021, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Life In Years
Water System	40
Sewer System	40
Buildings	40
Equipment	5-10

The Village has a capitalization policy of \$2,500.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

I. COMPENSATED ABSENCES

The Village has no compensated absence policy.

J. RESTRICTED NET POSITION

The Village records restricted assets to indicate that a portion of its net position balances are legally restricted for a specific future use. The following is a list of such restrictions and a description of each:

Restricted for System Maintenance

This amount represents monies restricted for repairs and replacement of the water system.

Restricted - Revenue Bonds

This amount represents monies restricted as required by the revenue bond indentures.

Restricted for Debt Service

Certain assets have been restricted in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

2. AD VALOREM TAXES

The Village levies taxes on real and business personal property located within its boundaries. The Village utilizes the services of the Caldwell Parish Tax Assessor to assess the property values and prepare the Village's property tax roll. The Village bills and collects its own property taxes.

Property Tax Calendar

Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended December 31, 2021, taxes of 5.74 mills were levied against property having a valuation of some \$2,297,882, which produced some \$13,190 in revenue.

Ad Valorem Taxes are broken down as follows:

	<u>Mills</u>
General Alimony	<u>5.74</u>

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

3. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At December 31, 2021, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	Water	Sewer
Bond Sinking/Reserve	\$ -0-	\$ -0-
Meter Deposit	19,881	-0-
Depreciation & Contingencies	-0-	-0-
Total	\$ 19,881	\$ -0-

4. FIXED ASSETS

Governmental Fund:

A summary of governmental fund assets at December 31, 2021, is as follows:

	Balance 12-31-2020	Additions	Deletions	Balance 12-31-2021
General/Administrative *	\$ 753,888	\$ 3,350	\$ -0-	\$ 757,238
Police	73,740	-0-	-0-	73,740
Fire	831,843	-0-	-0-	831,843
Total Capital Assets	1,659,471	3,350	-0-	1,662,821
Accumulated Depreciation	(1,110,216)	(64,597)	-0-	(1,174,813)
Total Capital Assets, Net	\$ 549,255	\$ (61,247)	\$ -0-	\$ 488,008

* Land in the amount of \$13,600 is not being depreciated.

Depreciation expense was charged to governmental functions as follows:

General	\$ 27,787
Fire	22,062
Police	14,748
Total Depreciation	\$ 64,597

Property Enterprise Fund:

A summary of enterprise fund property, plant and equipment at December 31, 2021, is as follows:

	Balance 12-31-2020	Additions	Deletions	Balance 12-31-2021
Sewer System	\$ 1,880,350	\$ -0-	\$ -0-	\$ 1,880,350
Accumulated Depreciation	(1,466,301)	(69,744)	-0-	(1,536,045)
Total Capital Assets, Net	\$ 414,049	\$ (69,744)	\$ -0-	\$ 344,305

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

	Balance 12-31-2020	Additions	Deletions	Balance 12-31-2021
Water System*	\$ 1,255,637	\$ 65,057	\$ -0-	\$ 1,320,694
Accumulated Depreciation	(770,101)	(46,587)	-0-	(816,688)
Total Capital Assets, Net	\$ 485,536	\$ 18,470	\$ -0-	\$ 504,006

* Land in the amount of \$10,000 is not being depreciated.

5. CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Village of Grayson for the year ended December 31, 2021.

	Balance 12-31-2020	Additions	Reductions	Balance 12-31-2021
Certificate of Indebtness (Business-Type Activities)	\$ 215,225	\$ -0-	\$ (16,601)	\$ 198,624
Certificate of Indebtness (Governmental Activities)	23,215	-0-	(1,790)	21,425
Capital Lease (Governmental Activities)	26,859	-0-	(9,123)	17,736
Total	\$ 265,299	\$ -0-	\$ (27,514)	\$ 237,785

Bonds and installment notes payable at December 31, 2021, are comprised of the following individual issues:

Revenue Bonds and Notes Payable (Enterprise Fund)

Government Capital Corp \$264,444 Sewer Certificate of Indebtness of which \$206,776 was used to pay-off USDA Sewer Bonds, \$25,000 was borrowed for sewer system improvements, and \$25,000 for General Fund Street Improvements. Loans dated October 22, 2019 – 2031 due in annual installments of \$25,153.43 (sewer portion); interest at 3.85%.

\$ 198,624

Notes & Lease Payable (Governmental Activities)

Government Capital Corp (General Portion) \$264,443.71 of which \$25,000 was borrowed for General Fund Street Improvements. Loan dated 10/22/2019 due in annual installments of \$2,712.77; due in 10/22/2020-2031; interest rate at 3.85%.

21,425

\$73,740 Capital lease with Bank Corp South Equipment Finance dated 06/14/2017 for two Chevrolet Tahoe police vehicles with an interest rate of 5.5%. Starting 06/19/2017 through 06/19/2022 with monthly installments of \$1,408.51.

17,736

Total \$ 237,785

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

The annual requirements to amortize all debt outstanding as of December 31, 2021, including interest payments, are as follows:

Year Ending December 31,	\$231,776 Sewer Certificate of Indebtness	\$25,000 General Certificate of Indebtness	\$256,776 Certificate of Indebtness Total	\$73,740 Police Capital Lease
2022	\$ 25,153	\$ 2,713	\$ 27,866	\$ 16,902
2023	25,153	2,713	27,866	1,409
2024	25,153	2,713	27,866	11,268
2025	25,153	2,713	27,866	-0-
2026	25,153	2,713	27,866	-0-
2027-2031	125,765	13,565	139,330	-0-
	<u>\$ 251,530</u>	<u>\$ 27,130</u>	<u>\$ 278,660</u>	<u>\$ 29,579</u>

6. PENSION PLAN

Substantially all employees of the Village of Grayson are members of the following statewide retirement system: Municipal Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by separate boards of trustee. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

The Municipal Employees' Retirement System prepares its employer pension schedules in accordance with the Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Municipal Employees' Retirement System's employer pension schedules are prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

B. Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses, were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimated and assumptions primarily related to actuarial valuations or unsettled transactions and events as of the date of the financial statements and estimates in the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

C. System Employees

The System is not allocated a proportionate share of the net liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

D. Use of Estimates

The preparation of schedules of employer allocations and pension amounts by employer in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from these estimates.

NOTE 2 – PLAN DESCRIPTION

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least six years credible service and who are elected to office in accordance with the Louisiana Election Code, two of whom shall be active and contributing members of the System with at least six years credible service and who are not elected officials; one of who shall be a retired member of the System; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Committee on Retirement; one of whom shall be the Chairman of the House Committee on Retirement appointed by the Speaker of the House; the Commissioner of Administration; and the State Treasurer.

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS).

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Plan Membership

For the year ended June 30, 2021, there were 87 contributing municipalities in Plan A and 67 in Plan B. At June 30, 2021, statewide retirement membership consists of the following:

	Plan A	Plan B	Total
Inactive plan members or beneficiaries receiving benefit	3,673	1,125	4,798
Inactive plan members entitled to but not yet receiving benefits	3,698	1,855	5,553
Active plan members	4,611	1,980	6,591
Total participants as of the valuation date	11,982	4,960	16,942

Plan eligibility and benefits are as follows:

A. Eligibility Requirements

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013, shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

B. Retirement Benefits

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756 - 11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

B. Retirement Benefits (Continued)

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five or more years of creditable service.
2. Age sixty with a minimum of ten years of creditable service.
3. Any age with twenty years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduces early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See Plan Booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following criteria:

1. Age sixty-seven with seven years of creditable service.
2. Age sixty-two with ten years of creditable service.
3. Age fifty-five with thirty years of creditable service.
4. Any age with twenty-five years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan booklet for further details.

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty years of creditable service.
2. Age sixty with minimum of ten or more years of creditable service.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following criteria:

1. Age sixty-seven with seven years of creditable service.
2. Age sixty-two with ten years of creditable service.
3. Age fifty-five with thirty years of creditable service.
4. Any age with twenty-five years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

C. Survivor Benefits

Upon death of any member of Plan A with five or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Upon death of any member of Plan B with five or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

D. DROP Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

E. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of (1) an amount equal to three percent of his final compensation multiplied by his years of creditable service, but not less than forty-five percent of his final average compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

F. Cost of Living Increases

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

G. Deferred Benefits

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

NOTE 3 – CONTRIBUTIONS

Contributions for all members are established by statute. For year ended June 30, 2021, member contributions were at 10.00% of earnable compensation for Plan A and 5.00% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2021, the employer contribution rate was 29.50% of member's earnings for Plan A and employer contribution rate was 15.50% of member's earnings for Plan B.

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

According to state statute, the System also receives one-fourth of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employee's Retirement System and the Employee's Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contribution entities.

Administrative costs of the System are financed through employer contributions.

NOTE 4 – SCHEDULE OF EMPLOYER ALLOCATIONS

The schedule of employer allocations reports the employer contributions in addition to the employer allocation percentage. The employer contributions are used to determine the proportionate relationship of each employer to all employers of the System. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's contribution effort to the plan for the current fiscal year as compared to the total of all employers' contribution effort to the plan for the current fiscal year. The employers' contribution effort was based on actual employer contributions made to the System for the fiscal year ended June 30, 2021.

NOTE 5 – SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability, the various categories of deferred outflows of resources, the various categories of deferred inflows of resources, and the various categories of pension expense. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocations.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 6 – DISAGGREGATED PENSION AMOUNTS

<u>Changes in Deferred Inflows and Outflows</u>	<u>Amounts from the 2021 Employer Pension Report</u>	<u>2021 Employer Specific Amounts</u>	<u>2021 Total Pension Amounts</u>
Net Pension Liability	\$ 19,720	\$ -	\$ 19,720
Deferred Outflows	1,758	(1,758)	-0-
Deferred Inflows	23,695	-	23,695
Benefit Pension Expense	(8,603)	-	(8,603)
Revenue	\$ 851	\$ -	\$ 851

NOTE 7 – ACTUARIAL METHODS & ASSUMPTIONS

Net Pension Liability

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the System's employers for Plan A as of June 30, 2021 are as follows:

	<u>Plan A June 30, 2021</u>
Total pension liability	\$ 1,253,886,002
Plan fiduciary net position	975,735,673
Employer's net pension liability	\$ 278,150,329
Plan fiduciary net position as a % of the total pension liability	77.82%

The components of the net pension liability of the System's employers for Plan B as of June 30, 2021 are as follows:

	<u>Plan B June 30, 2020</u>
Total pension liability	\$ 277,663,255
Plan fiduciary net position	219,732,397
Employer's net pension liability	\$ 57,930,858
Plan fiduciary net position as a % of the total pension liability	79.14%

VILLAGE OF GRAYSON, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2021 valuation was based on the results of an actuarial experience study for the period from July 1, 2013 through June 30, 2018.

Information on the actuarial valuation and assumptions is as follows:

Valuation Date	June 30, 2021
Actuarial cost method	Entry age normal
Expected remaining service lives	3 years
Investment rate of return	6.85%, net of pension plan investment expense, including inflation
Inflation rate	2.5%
Salary increases, including inflation and merit increases:	
-1 to 4 years of service	6.4%-Plan A and 7.4%-Plan B
-More than 4 years of service	4.5%-Plan A and 4.9%-Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(b) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Discount Rate

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation and an adjustment for the effect of rebalancing/diversification.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	9%	0.39%
Totals	<u>100%</u>	4.35%
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>6.95%</u>

The discount rate used to measure the total pension liability was 6.85% for the years ended June 30, 2021. The projection of cash flows used to determine the discount assumed that contributions from plan members will be at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems’ Actuarial Committee. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 – SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension liability of the System calculated using the discount rate of 6.85%, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%) or one percentage point higher (7.85%) than the current discount rate (assuming all other assumptions remain unchanged):

Changes in discount for years ending June 30, 2021 for Plan A are as follows:

	<u>Plan A</u>		
	<u>1% Decrease (5.85%)</u>	<u>Current Discount Rate (6.85%)</u>	<u>1% Increase (7.85%)</u>
Net pension liability	\$ 411,954,829	\$ 278,150,329	\$ 165,133,877

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Changes in discount for years ending June 30, 2021 for Plan B are as follows:

	Plan B		
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Net pension liability	\$ <u>88,877,974</u>	\$ <u>57,930,858</u>	\$ <u>31,755,392</u>

NOTE 8 – CHANGE IN NET PENSION LIABILITY

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period.

The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

The changes in the net pension liability for the year ended June 30, 2021 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience

The differences between expected and actual experience for Plan A and Plan B resulted in deferred inflows & outflows of resources and pension expense (benefit) as of June 30, 2021 are as follows:

	Plan A			June 30, 2020	
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2021	\$ -	\$ 4,771,062	\$ (1,590,353)	\$ -	\$ 3,180,709
2020	200,472	-	100,235	100,237	-
2019	-	2,450,867	(2,450,867)	-	-
				\$ <u>100,237</u>	\$ <u>3,180,709</u>

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Plan B					
			June 30, 2021		
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2021	\$ -0-	\$ 3,183,144	\$ (1,061,054)	\$ -0-	\$ 2,122,090
2020	-0-	537,124	(268,562)	-0-	268,562
2019	-0-	987,671	(987,671)	-0-	-0-
				\$ -0-	\$ 2,390,652

The difference between projected and actual investment earnings for Plan A & Plan B in net deferred inflows of resources & pension expense (benefit) as of June 30, 2021 as follows:

Plan A						
			June 30, 2021			
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows	Net Deferred Inflows
2021	\$ -	\$ 132,640,791	\$ (26,528,159)	\$ -	\$ 106,112,632	(106,112,632)
2020	25,295,907	-0-	6,323,976	18,971,931	-	18,971,931
2019	10,437,158	-0-	3,479,052	6,958,106	-	6,958,106
2018	3,626,861	-0-	1,813,431	1,813,430	-	1,813,430
2017	3,783,183	-0-	3,783,183	-0-	-	-
				\$ 27,743,467	\$ 106,112,632	(78,369,165)

Plan B						
			June 30, 2021			
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows	Net Deferred Inflows
2021	\$ -0-	\$ 27,507,064	\$ (5,501,413)	\$ -	\$ 22,005,651	(22,005,651)
2020	5,764,134	-0-	1,441,034	4,323,100	-	4,323,100
2019	2,401,267	-0-	800,423	1,600,844	-	1,600,844
2018	852,940	-0-	426,473	426,467	-	426,467
2017	820,076	-0-	820,076	-0-	-	-
				\$ 6,350,411	\$ 22,005,651	(15,655,240)

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Changes in Assumptions or Other Inputs

The changes in assumptions for Plan A and Plan B resulted in deferred outflows of resources and pension expense as of June 30, 2021 as follows:

Plan A					
			June 30, 2021		
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2021	\$ 12,070,620	\$ -0-	\$ 4,023,552	\$ 8,047,068	\$ -0-
2020	4,235,264	-0-	2,117,632	2,117,632	-0-
2019	3,038,146	-0-	3,038,146	-	-0-
				\$ 10,164,700	\$ -0-

Plan B					
			June 30, 2021		
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2021	\$ 2,816,585	\$ -0-	\$ 938,863	\$ 1,877,722	\$ -0-
2020	933,399	-0-	466,699	466,700	-0-
2019	1,875,119	-0-	1,875,119	-0-	-0-
				\$ 2,344,422	\$ -0-

Changes in Proportion

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in the employers' proportionate shares are presented in the schedule of pension amounts by employer as deferred outflows or deferred inflows as of June 30, 2021.

NOTE 9 – CONTRIBUTIONS – PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of pension amounts by employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 10 – RETIRMENT FUND AUDIT REPORT

The System has issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. Access to the report can be found on the System’s website, www.mersla.com or on the Louisiana Legislative Auditor’s website, www.lla.la.gov.

NOTE 11 – SUBSEQUENT EVENTS

The System evaluated all subsequent events through February 8, 2022, the date the employer schedules were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

7. INTERFUND TRANSFERS

Interfund transfers were made during the year for operational purposes.

8. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. ENCUMBRANCES

The Village does not utilize encumbrance accounting.

VILLAGE OF GRAYSON, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

10. ELECTED OFFICIALS SALARIES

<u>Name</u>	<u>Title</u>	<u>Term</u>	<u>Annual Salary</u>
Melissa Bratton	Mayor	2019-2022	\$ 19,200
Kimberly Bandy	Council Member	2019-2022	1,500
Rocky Cain	Council Member	2019-2022	1,500
Danny Finley	Council Member	2019-2022	1,500
Mitchell Bratton	Police Chief	2019-2022	\$ 27,600

*Council is paid \$25 for special meetings.

11. RATES

The Village of Grayson Enterprise Fund has the following rates. The deposit amounts are listed below:

Renter	\$175 - \$25 Nonrefundable
Owner	\$100 - \$25 Nonrefundable

Rate Schedule:

Water	ICL - \$16.00 for the 1 st 1,000 gal., \$2.50 per 1,000 thereafter OCL - \$19.00 for the 1 st 1,000 gal., \$3.00 per 1,000 thereafter
Holum Water System	\$2.00 per 1,000 gal., no minimum
Sewer	Residential \$32.50 flat fee
Fire	Residential - \$4.50 in city limits

12. TRANSFERS BETWEEN FUNDS

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Transfers In (Out)	\$ 54,281	\$ (54,281)

Transfers were made for operational purposes.

VILLAGE OF GRAYSON, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

13. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date through, August 3, 2022, of the independent auditor's report for potential recognition or disclosure in the financial statements.

14. PRIOR PERIOD ADJUSTMENT

A prior period adjustment in the amount of \$20,061 was made to correct deferred outflows.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF GRAYSON, LOUISIANA
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General Fund
For the Year Ended December 31, 2021

	BUDGET AMOUNTS		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis	
REVENUES				
Fees & Charges	\$ 44,260	\$ 48,900	\$ 52,583	\$ 3,683
Taxes/Licenses	52,630	99,660	116,008	16,348
Fines	84,780	86,300	84,634	(1,666)
Grants	43,510	152,000	125,159	(26,841)
Interest Income	1,240	50	2,065	2,015
Other General Revenues	13,090	8,425	12,770	4,345
TOTAL REVENUES	239,510	395,335	393,219	(2,116)
EXPENDITURES				
General & Administrative	326,500	372,500	145,367	227,133
Public Safety:				
Police	16,700	16,800	114,364	(97,564)
Fire	400	400	43,365	(42,965)
Debt Service	-0-	-0-	12,572	(12,572)
Capital Outlay	-0-	-0-	3,350	(3,350)
TOTAL EXPENDITURES	343,600	389,700	319,018	70,682
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(104,090)	5,635	74,201	68,566
OTHER FINANCING SOURCES (USES)				
Transfers In/(Out)	158,190	158,190	54,281	(103,909)
TOTAL OTHER FINANCING SOURCES (USES)	158,190	158,190	54,281	(103,909)
NET CHANGE IN FUND BALANCE	\$ 397,700	\$ 163,825	128,482	\$ (35,343)
FUND BALANCE - BEGINNING			251,614	
FUND BALANCE - ENDING			\$ 380,096	

See independent auditor's report and notes to financial statements.

VILLAGE OF GRAYSON, LOUISIANA

**Schedule of the Village's Proportionate Share of the Net Pension Liability
Louisiana Municipal Employees' Retirement System**

Year	Village's Proportion of the NPL (Percentage)	Village's Proportionate Share of the NPL (Amount)	Village's Covered- Employee Payroll	Village's Proportionate Share of the NPL as a Percentage of Its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.063%	\$55,468	\$51,681	107.3%	51.2%
2020	0.067%	\$60,858	\$54,037	112.7%	63.3%
2021	0.034%	\$19,720	\$21,624	91.2%	79.14%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See independent auditor's report.

VILLAGE OF GRAYSON, LOUISIANA
Schedule of the Village's Contributions
Louisiana Municipal Employees' Retirement System

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
2019	\$6,786	(\$6,549)	\$129	\$51,681	12.9%
2020	\$7,286	(\$5,950)	\$1,336	\$54,037	13.5%
2021	\$4,055	(\$2,885)	\$1,170	\$21,624	18.8%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See independent auditor's report.

SUPPLEMENTAL INFORMATION

Village of Grayson, Louisiana
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2021

Honorable Melissa Bratton, Mayor

Purpose	Amount
Salary	\$ 19,200
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	521
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

Village of Grayson, Louisiana
Justice System Funding Schedule – Collecting/Disbursing Entity
For the Year Ended December 31, 2021

		First Six Months Ended 6/30/2021		Second Six Months Ended 12/31/2021
Beginning Balance of Amounts Collected	\$	-0-	\$	44,038
Add: Collections				
Criminal Fines – Other		54,732		33,940
Subtotal Collections		54,732		33,940
Less: Amounts Retained by Government Agency				
LA (THSCI) Trust Fund		2,645		-0-
LA Commission on Law Enforcement		1,558		-0-
LA Judicial College		117		43
Trial Court (CMIS)		994		86
37th JDC Public Defender’s Office		5,380		1,510
Subtotal Disbursements/Retainage		10,694		1,639
Total: Ending Balance of Amounts Collected but not Disbursed/Retained		44,038		76,339
Ending Balance of “Partial Payments” Collected but not Disbursed		-0-		-0-
Other Information:				
Ending Balance of Total Amounts Assessed but not yet Collected		-0-		-0-
Total Waivers During the Fiscal Period	\$	-0-	\$	-0-

See independent auditor’s report.

OTHER REPORTS

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Melissa Bratton, Mayor
and Members of the Village Council
Grayson, Louisiana

We have audited, in accordance with the auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village of Grayson, Louisiana’s basic financial statements, and have issued our report thereon dated August 3, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Grayson, Louisiana’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Grayson, Louisiana’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Grayson, Louisiana’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Grayson, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items: **2021-1 Restricted Cash and Customer Deposits Liability, 2021-2 Unremitted Traffic Ticket Fines, and 2021-3 Timely filing financial statements with Louisiana Legislative Auditor's Office.**

The Village of Grayson's Response to Findings

The Village of Grayson's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Cost. The Village of Grayson's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a public document and its distribution is not limited.

The Vercher Group

Jena, Louisiana
August 3, 2022

VILLAGE OF GRAYSON, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended December 31, 2021

We have audited the basic financial statements of the Village of Grayson, Louisiana, as of and for the year ended December 31, 2021, and have issued our report thereon August 3, 2022. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Section I Summary of Auditor's Results

Our audit of the financial statements as of December 31, 2021, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses [] Yes Significant Deficiencies [] Yes

Compliance

Compliance Material to Financial Statements [X] Yes

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses [] Yes [] No Other Conditions [] Yes [] No

Type of Opinion on Compliance Unmodified [] Qualified []
For Major Programs Disclaimer [] Adverse []

Are the findings required to be reported in accordance with Uniform Guidance?

[] Yes [] No

c. Identification of Major Programs:

Table with 2 columns: CFDA Number (s) and Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? [] Yes [] No

VILLAGE OF GRAYSON, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended December 31, 2021

Section II Financial Statement Findings

2021-1 Restricted Cash and Customer Deposits Liability (Compliance)

Condition: The Village currently has a customer liability of \$40,635 and only \$19,881 cash set aside, or restricted, for the liability.

Criteria: The Village should have enough restricted cash in an amount equal to the customer liability.

Cause of Condition: Not restricting cash to cover customer deposits.

Effect of Condition: Not having sufficient restricted cash to cover customer deposit liability.

Recommendation: The Village should start setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

Client Response: The Village will begin setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

2021-2 Unremitted Traffic Ticket Fees (Compliance)

Condition: The Village has not remitted certain fees collected for traffic tickets on behalf of different state agencies for several months.

Criteria: The Louisiana Legislature imposes additional fees on traffic violations which are collected by municipalities and then remitted to the appropriate State agencies.

Cause of Condition: Nonpayment of fees collected on behalf of various State agencies.

Effect of Condition: Before adjusting entries were made, fines and forfeitures were overstated and accounts payable was understated.

Recommendation: We recommend that the Village report and remit traffic fees in a timely manner.

Client Response: As of August 2022, the Village is current on all fees required to be remitted to state agencies.

VILLAGE OF GRAYSON, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended December 31, 2021

Section II Financial Statement Findings (Continued)

2021-3 Timely filing financial statements with Louisiana Legislative Auditor’s Office (Compliance)

Condition: The Village did not file its financial statements with the Legislative Auditor’s Office within 6 months of the end of the year.

Criteria: R.S. 24:513 requires financial statements be filed with the Legislative Auditor’s Office within 6 months of year end.

Cause of Condition: Change of personnel.

Potential Effect of Condition: Violation of R.S. 24:513

Recommendation: Financial statements should be filed with the Legislative Auditor’s Office within 6 months of year end.

Client Response: Financial statements will be filed with the Legislative Auditor’s Office within 6 months year end.

Section III Federal Awards Findings and Questioned Costs

Not Applicable.

VILLAGE OF GRAYSON, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS

FINDINGS:

2021-1 Restricted Cash and Customer Deposits Liability

Finding: The Village currently has a customer liability of \$40,635 and only \$19,881 cash set aside, or restricted, for the liability. The Village should have enough restricted cash in an amount equal to the customer liability.

Corrective Action: The Village is setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

Contact Person: Kimberly Bandy, Interim- Mayor

Anticipated Completion Date: December 31, 2022

2021-2 Unremitted Traffic Ticket Fees

Finding: The Village has not remitted certain fees collected for traffic tickets on behalf of different state agencies for several months. The Louisiana Legislature imposes additional fees on traffic violations which are collected by municipalities and then remitted to the appropriate State agencies.

Corrective Action: The Village will report and remit traffic fees in a timely manner.

Contact Person: Kimberly Bandy, Interim- Mayor

Anticipated Completion Date: December 31, 2022

2021-3 Timely filing financial statements with Louisiana Legislative Auditor's Office

Finding: The Village did not file its financial statements with the Legislative Auditor's Office within 6 months of the end of the year.

Corrective Action: Financial statements will be filed with the Legislative Auditor's Office within 6 months year end.

Contact Person: Kimberly Bandy, Interim- Mayor

Anticipated Completion Date: December 31, 2022

VILLAGE OF GRAYSON, LOUISIANA

MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year management letter comments.

VILLAGE OF GRAYSON, LOUISIANA

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Village of Grayson, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended December 31, 2020.

PRIOR YEAR FINDINGS

2020-1 Restricted Cash and Customer Deposits Liability (Unresolved)

Condition: The Village currently has a customer liability of \$40,635 and only \$8,019 cash set aside, or restricted, for the liability.

Criteria: The Village should have enough restricted cash in an amount equal to the customer liability.

Cause of Condition: Not restricting cash to cover customer deposits.

Effect of Condition: Not having sufficient restricted cash to cover customer deposit liability.

Recommendation: The Village should start setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

Client Response: The Village will begin setting aside restricted cash from future operations of the water fund to cover and meet the customer deposit liability.

2020-2 Utility Cut-Off Policy (Resolved)

Condition: The Village had one employee/official over 90 days past due on utility services.

Criteria: The utility cut-off policy requires the Village to terminate services to customers who are delinquent.

Cause of Condition: Not following cut-off policy for employees/officials.

Effect of Condition: Potential special treatment of employees/officials.

Recommendation: We recommend that the Village comply with its utility cut-off policy in the future and cut off utility services to employees/officials who do not pay within the time limit stated in the policy.

VILLAGE OF GRAYSON, LOUISIANA

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Client Response: Management will comply with its utility cut-of policy in the future and cut off utility services to employees/officials who do not pay within the time limit stated in the policy. The finding was carried over from previous audit. All employees/officials are current with utility services as of June 2021.

2020-3 Budget Variance (Resolved)

Condition: The Village had an unfavorable expenditure variance of \$38,386 or 11.2% in its general fund budget for the year ended December 31, 2020.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: Under budgeting expenditures.

Effect of Condition: Violating the Budget Act.

Recommendation: The Village should amend its budget when there is an unfavorable variance in revenue or expenditures of more than 5%.

Client Response: The Village will amend its budget when there is an unfavorable revenue or expenditure variance of more than 5%.

2020-4 Unremitted Traffic Ticket Fees (Unresolved)

Condition: The Village has not remitted certain fees collected for traffic tickets on behalf of different state agencies for several months.

Criteria: The Louisiana Legislature imposes additional fees on traffic violations which are collected by municipalities and then remitted to the appropriate State agencies.

Cause of Condition: Nonpayment of fees collected on behalf of various State agencies.

Effect of Condition: Before adjusting entries were made, fines and forfeitures were overstated and accounts payable was understated.

Recommendation: We recommend that the Village report and remit traffic fees in a timely manner.

Client Response: Management will work on this for fiscal year 2021.

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AGREED-UPON PROCEDURES REPORT

Village of Grayson

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of January 1- December 31, 2021

Village of Grayson
Grayson, Louisiana

To the Village of Grayson and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Village of Grayson and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) ***Ethics***², including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of

antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Observation: We reviewed the Policies and Procedures and found all of the items listed above except for Contracting, Information Technology Disaster Recovery/Business Continuity, and Sexual Harassment.

Exception: Village has not adopted policies for Contracting, Information Technology Disaster Recovery/Business Continuity, and Sexual Harassment.

Managements Response: Village will adopt policies for Contracting, Information Technology Disaster Recovery/Business Continuity, and Sexual Harassment.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds³, and semi-annual budget- to-actual, at a minimum, on all special revenue funds⁷. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁴ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Observations:

A.) We found that the board met with a quorum monthly.

B.) The board minutes included review and approval of monthly budget to actual financial statements.

C.) Not applicable.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Observations: We obtained a listing of bank accounts from the entity's financial institution and management's representation that the listings were complete.

A) Bank reconciliations were prepared for all bank accounts that have activity.

B) Bank reconciliations are prepared by an outside accounting firm and reviewed by management.

C) No reconciling items outstanding for more than 12 months from the statement closing date. Inquiry found the entity reviews old outstanding checks on a regular basis.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Observation: We obtained the listing (Village Hall) and management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Observations:

A.) The entity only has one collection tray, and the entity adopted a no cash policy to mitigate risk.

B.) An employee may be responsible for collections and making deposits. The entity does not accept cash and prenumbered receipts are generated to mitigate risk

C.) The entity utilizes an outside fee accountant to assist in reconciling collections to the general ledger and subsidiary ledgers.

D.) The entity utilizes an outside fee accountant to assist in reconciling collections to the general ledger and subsidiary ledgers.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Observation: We obtained a copy of the insurance policy for theft covering all employees who have access to cash.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Observations:

A.) Receipts were sequentially pre-numbered.

B.) We traced the receipts/collection documentation to the deposit slip with no exceptions.

C.) We traced the deposit slip to the actual deposit per the bank statement with no exceptions.

D.) We traced daily collections to the deposit date on the corresponding bank statement and observed that deposits are not made daily. Due to the lack of funds on hand and with a no cash policy, the entity can't justify making daily deposits. Deposits are always made daily on large collection days.

E.) We traced the actual deposit per the bank statement to the general ledger with no exceptions.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Observation: We obtained a listing of the location that process payment (Village Hall) for the fiscal period and management's representation that the listing is complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Observations:

A.) The Clerk is involved in initiating a purchase request with a member of the board/Mayor approving the purchase and the Clerk executes orders.

B.) The Mayor and Clerk are involved in processing and approving payments to vendors.

C.) The employee responsible for processing payments is not prohibited from adding/modifying vendor files. The Clerk is responsible for processing payments and add/modifies vendors to the entity's purchasing/disbursements system. To mitigate risk, the board approves all purchases and dual signatures are required on all checks. The board meets monthly and reviews all disbursements.

D.) The Clerk and Mayor signs checks and gives them to an employee who is not responsible for processing payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Observation:

A.) We observed that the disbursements matched related original invoices with no exceptions.

B.) We observed that the disbursement documentation included evidence of segregation of duties tested under #9, in which the entity is able to implement.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Observation: The Entity has no active cards.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports

for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Observations:

A.) Not Applicable

B.) Not Applicable

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Observation: The Entity has no active cards.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Observations:

- A.) We selected the only travel related expense and verified the reimbursement rate is no more than the rate established by the U.S. General Services Administration. (GSA)**
- B.) All reimbursements were supported by an original itemized receipt that identifies precisely what was purchased.**
- C.) The reimbursement is supported by documentation of the business/public purpose.**
- D.) The reimbursement was approved by the board president who signs all checks which constitutes approval in writing.**

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Observation:

- A.) We selected all contracts for the fiscal year and observed that the contract was bid in accordance with Louisiana Public Bid Law. (Where Applicable)**
- B.) Each contract was passed by resolution at a board meeting.**

C.) Not applicable

D.) We randomly selected one payment from a contract in the fiscal period and obtained supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Observation: We obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. We selected 5 employees, obtained related salaries/pay rates and agreed paid salaries/pay rates to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Observations:

A.) All selected employees documented their daily attendance and leave.

B.) The board approves all attendance and leave of selected employees.

C.) All leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

D.) The rate paid to the employees agree to the authorized salary/pay rate found in personnel files.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination

payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Observation: No terminations in fiscal period.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Observation: We obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines without exception.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Observations:

A.) Not all employees/officials had documentation of ethics compliance for the fiscal period.

Exception: Not all employees/officials completed one hour of ethics training during the fiscal period.

Managements Response: All employees/officials will have one hour of ethics training completed during each fiscal period.

B.) The board and employees' review and approve any changes to the entity's ethics policy when applicable.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Observation: The entity did not enter into any debt during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Observation: We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. No reserve balances required by outstanding bonds/notes.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Observation: The entity had no reported misappropriations of public funds and/or assets during the fiscal period.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.⁵

Observation: The entity has the notice posted on its premises.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5

computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Observation:

- A.) We performed the procedure and discussed the results with management.
- B.) We performed the procedure and discussed the results with management.
- C.) We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/ official completed at least one hour of sexual harassment training during the calendar year.

Observation: Only 1 of the selected employees/officials completed one hour of sexual harassment training during the calendar year.

Exception: No sexual harassment training completed during calendar year.

Management's Response: All employees/elected officials will complete at least one hour of sexual harassment training each calendar year.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Observation: The entity has posted its sexual harassment policy and complaint procedures on the entity's premises.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Observation: The entity did not have an annual sexual harassment report for the current fiscal period.

Exception: No annual sexual harassment report completed.

Management's Response: The entity will complete an annual sexual harassment report on or before February 1 that includes the applicable requirements of R.S. 42:344.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

The Vercher Group

Jena, Louisiana
August 3, 2022